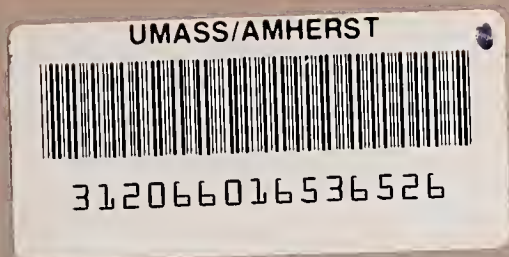


MASS. CD1.2: C73/3



# **The Community Enterprise Economic Development Program**

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**EXECUTIVE  
OFFICE OF  
COMMUNITIES &  
DEVELOPMENT**



Michael S. Dukakis, Governor  
Amy S. Anthony, Secretary

**A SURVEY OF  
CEED FUNDED  
CDC ACTIVITIES**

**1979 - 1983**

**AUGUST 1984**



# **The Community Enterprise Economic Development Program**

## **EXECUTIVE OFFICE OF COMMUNITIES & DEVELOPMENT**

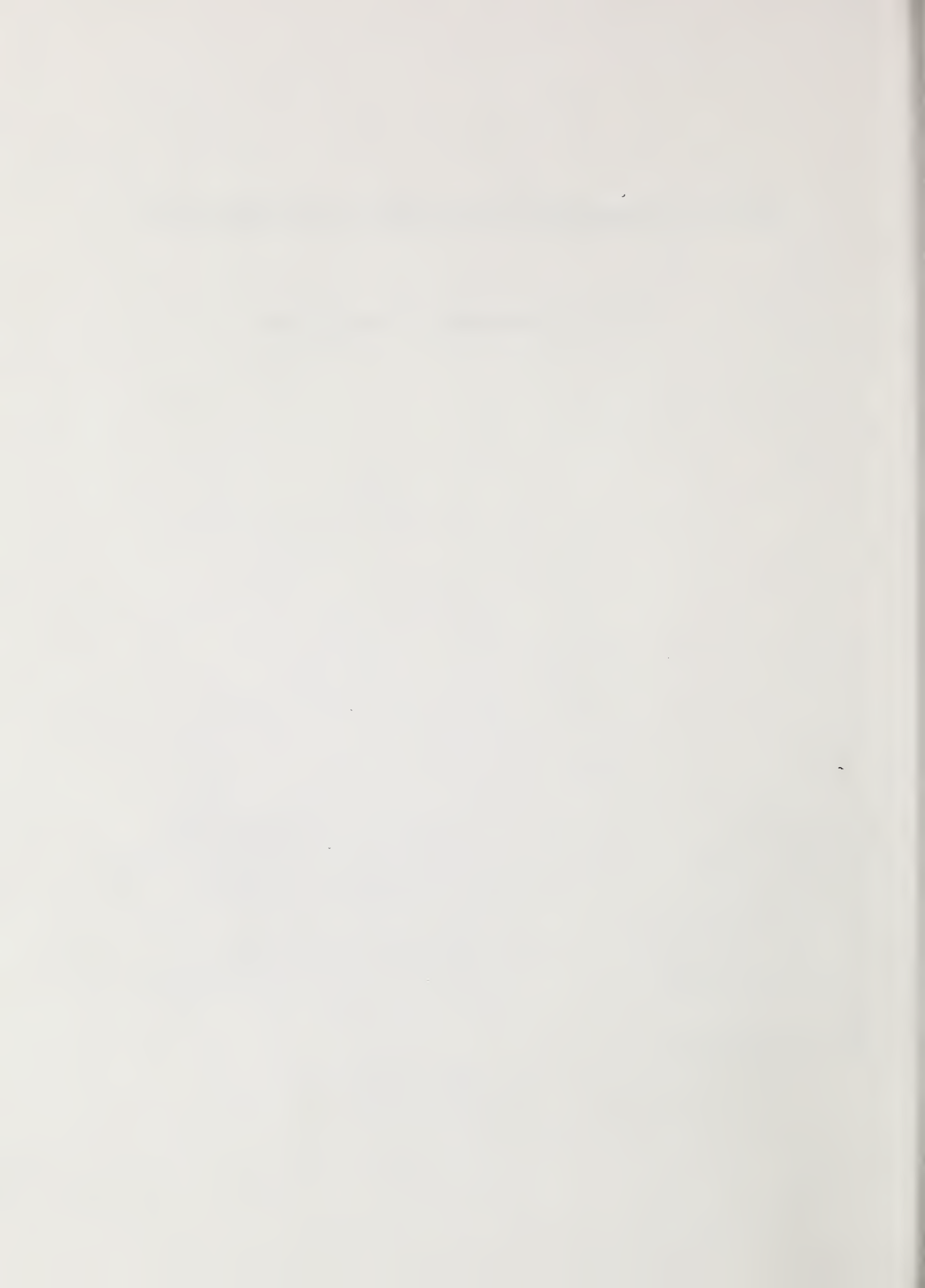


Michael S. Dukakis, Governor  
Amy S. Anthony, Secretary

This document was produced by the  
Division of Neighborhoods and Economic  
Opportunity, through the Office of  
Community Economic Development.

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Special thanks to:  
Tom McCormack  
Don Jackson



## INTRODUCTION

The Executive Office of Communities and Development is charged with the leadership role within state government in developing and implementing a comprehensive strategy of state support for the revitalization of economically distressed neighborhoods and communities throughout the Commonwealth.

This strategy is based on the premise that the physical, economic and social health of the Commonwealth, its regions and its municipalities, is directly related to the health of its neighborhoods. EOCD recognizes that each local community and neighborhood has unique problems, resources, and political environments; and that lasting solutions to neighborhood problems will have to be locally defined and implemented. The Commonwealth's "neighborhoods" in need of assistance are incredibly diverse. They include urban, densely populated areas; as well as rural, sparsely populated regions. Some neighborhoods have experienced a long history of severe disinvestment; others are once desirable areas that are just beginning to encounter problems. Still others are seeing an immigration of new affluent owners and renters with the resultant displacement of long term, lower income residents.

Just as there is great diversity in the conditions and circumstances of neighborhoods requiring state assistance, so there are tremendous differences in the local responses developed over the past decade to address these problems. In part because of leadership from the Commonwealth, Massachusetts now contains a variety of local organizations and institutions which have been working on creative solutions to problems of neighborhood disinvestment. Increasingly, at the center of this local neighborhood development activity are community and neighborhood based non-profit organizations, which are undertaking much needed and often innovative neighborhood development and service programs.

Community Development Corporations (CDCs) in particular play an increasingly important local role in residential, commercial and industrial development, and in job creation and retention. While CDCs vary considerably in their individual operating styles and use of development strategies, they share important common characteristics: they are neighborhood or community based (and in rural areas multi-community based), non-profit organizations formed to stimulate and guide the revitalization of economically distressed areas. CDC programs are designed to directly benefit residents of targeted areas. The CDC's membership is structured to represent the community in which the organization operates. With boards of directors having direct accountability to their communities, CDCs are in a strong position to develop solutions to pressing local development needs and to generate community support for their efforts.

To stimulate and sustain this local network, EOCD's Office of Community Economic Development (OCED) provides a combination of institutional support and technical assistance to CDCs across the Commonwealth. The Community Enterprise Economic Development (CEED) Program is EOCD's primary tool for aiding the creation and growth of local non-profit, neighborhood based development corporations. CEED grants provide funding for key CDC staff and related administrative costs, while CEED's qualified professional staff assists CDCs with training and technical assistance. This assistance, which focuses on organizational development, neighborhood planning and strategy development, and marketing and resource development, is crucial to ensuring a local capacity to address serious development issues.





This document is a report on the history of CEED. It includes some early historical background, a summary of CEED performance from 1979-1983, and a review of the cumulative results of CEED funding on CDC performance, and the increasing role of state/private partnerships in CDC activities.

## II. THE CEED PROGRAM: Historical Background

Disinvestment . . . physical deterioration . . . abandonment . . . loss of business and jobs . . . lack of adequate service delivery. These are the all-too-familiar problems that plague many of Massachusetts' economically depressed urban and rural communities. By the mid - to late - 1970's, however, community based economic development was beginning to be adopted as one solution to these ills by a broad spectrum of groups intent on reversing the deterioration and decline of their neighborhoods. Early advocates of the community economic development strategy were particularly interested in assuring community participation in and control over local development activities.

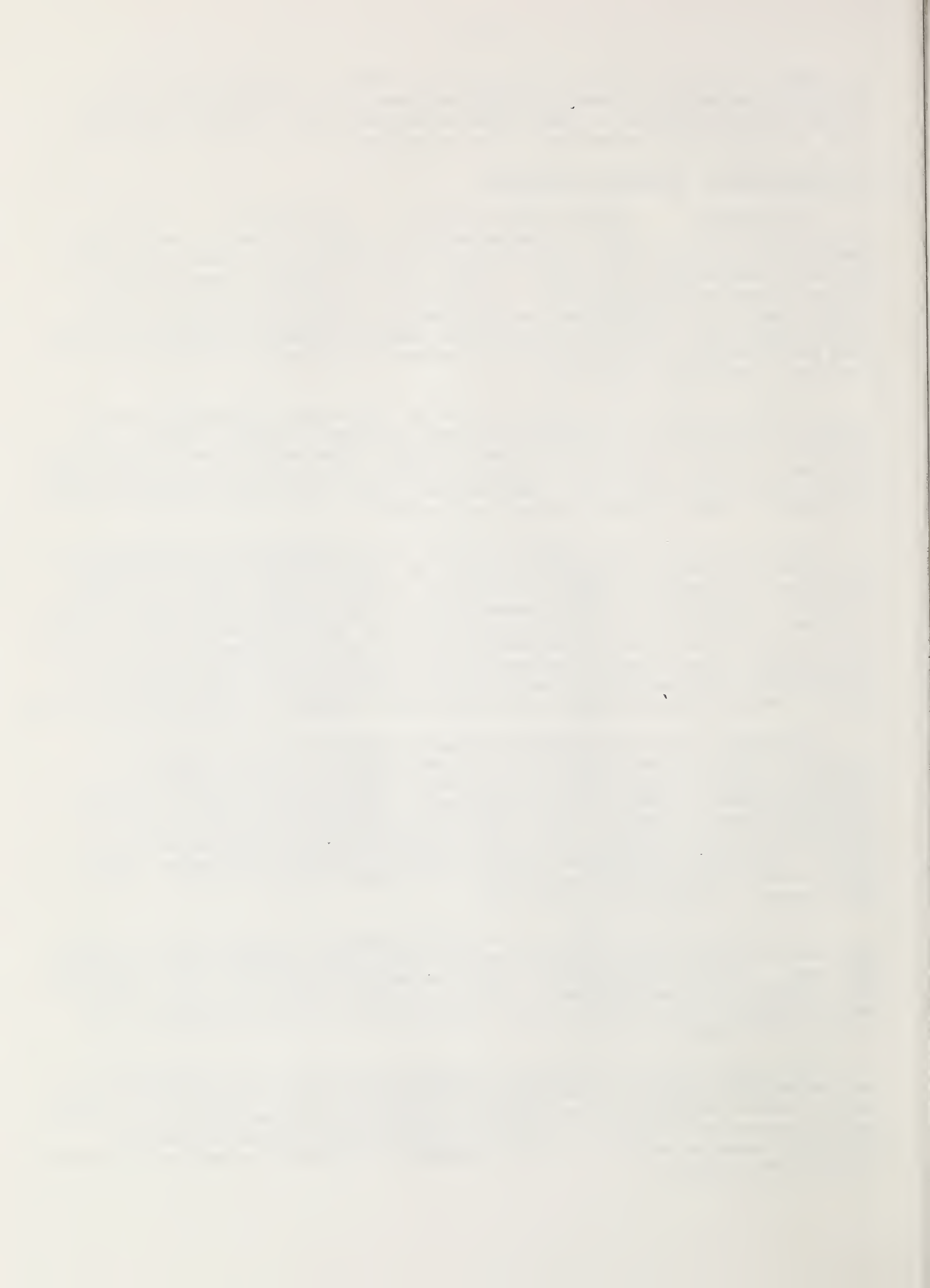
In February 1976, EOCD's Division of Social and Economic Opportunity issued a request for proposals for "production-oriented as opposed to social service - or advocacy - oriented" community development projects. The response was overwhelming -- 44 requests totalling \$995,859. With only \$69,000 available in funding, however, SEO could provide only 4 grants on a "one time only basis". Thus began the Massachusetts experiment in community based economic development.

Included in this initial round of funding was a planning grant to the Brightwood Development Corporation in Springfield to "study the feasibility of new businesses and upgrading of existing commercial businesses in Springfield's inner-city neighborhood", a planning grant to the Southwest Corridor Land Development Coalition in Boston to conduct studies of the most appropriate means for "assuring community participation in, and control over, land use decisions" affecting Boston's Southwest Corridor area, a demonstration venture grant to the Montachusettts Opportunity Council for a furniture rehabilitation shop employing 14 workers in Fitchburg/Leominster, and a demonstration grant to the Lynn Economic Opportunity Council for a casement seal manufacturing venture

During 1978, the initial enthusiasm shown for EOCD's pilot grant program was translated into an intense legislative lobbying campaign for state funding to "provide a source of capital to non-profit organizations to plan for, or start-up financially sound, community based enterprises". Responding to numerous telephone calls and letters of support from Community Action Agencies, Community Development Corporations, local officials, and others, the Massachusetts House and Senate enacted legislation creating the Community Enterprise Economic Development (CEED) Program with an appropriation for FY 1979 of \$142,450. In that first year of the CEED Program, 6 organizations were funded.

In the following year (1980), as the effectiveness of the program was becoming apparent, legislative appropriations doubled to \$250,000. Seventeen CDCs were funded that year. In 1981, approximately \$350,000 was made available to 24 CDCs. Twenty-two CDCs received just under \$340,000 in 1982, and in 1983, 22 CDCs were supported at a level of \$485,000. The following report reflects CDC activities through this time period (1979 - 1983).

During 1984, a total of \$552,500 was granted to 29 CDCs as the effectiveness of the statewide CDC network was even more clearly established. It is expected that CEED will be able to provide more than \$900,000 in grants to approximately 30 - 35 community based organizations in 1985. In addition, state-provided Training and Technical Assistance resources available to local neighborhood development groups will continue to expand and diversify.





## I. SUMMARY OF PERFORMANCE: 1979 - 1983

### Initial Program Development

In the early years, the CEED Program was devoted principally to organizational development. The challenging task for the early CEED staff was to help build an organizational infrastructure that in time could develop the capacity to initiate and complete housing and economic development projects. CEED staff assisted neighborhood groups complete the initial organizing and incorporation process, formulate overall community development goals, conduct CDC board training, and hire CEED-funded staff planners. In the late 1970's, CDC staff activities were concentrated in the pre-planning process; careful and thorough needs assessment and feasibility studies were being completed to determine the future direction and development strategies of each CDC.

Although these activities are not easily quantifiable, their importance for the future of community economic development should not be underestimated. In 1976, there were no more than eight CDCs in the entire Commonwealth. By 1982, the number of CDCs had increased to more than 50. SEO's Office of Resource Development, then the technical assistance arm of the CEED Program, consisted of three organizational developers and one housing specialist. During its two year existence, ORD was directly responsible for assisting the start up of 19 CDCs in Western Massachusetts and the North and South Shores alone. Through this state assistance organizational effort, the groundwork was being laid for what would prove to be an impressive array of housing, commercial and industrial projects, initiated and completed by locally based and controlled neighborhood organizations.

### 1980

During its second year of operation (1980), as the number of functioning CDCs grew, the programmatic emphasis of ORD shifted to assisting recently formed CDCs enhance their technical capacity for housing and venture development. During this period, the staff of ORD began to closely coordinate their assistance with the technical assistance offered by their sister agency, the Community Economic Development Assistance Corporation (CEDAC). CEED-funded CDCs were encouraged to apply to CEDAC for technical assistance in marketing analysis, economic feasibility studies, and financial packaging.

For the first time in 1980, comprehensive statistics were collected to measure the output of CEED-funded CDCs. The results were impressive. Seventeen (17) CDCs received just under \$250,000 in core staffing grants. These CDCs leveraged an additional \$3.7 million in public and private investment and created or retained 183 jobs for area residents. In all, CDCs across the Commonwealth leveraged \$7.9 million in public and private investment. Approximately 320 new or retained jobs in thirteen different industries resulted from this investment. Much of this investment capital, \$4 million, was used to start up, buy out, or operate industrial establishments. Investment in residential construction and rehabilitation utilizing Section 8 and HUD financing represented an additional \$3.93 million in investment, reflecting a growing CDC role in residential real estate development targetted to neighborhood residents.

### 1981

During FY 1981, the CEED Program demonstrated once again the importance of providing funding for core staff to CDCs attempting to finance industrial,



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commercial, and real estate development ventures. The performance of 24 CDCs receiving \$349,000 in CEED grants exceeded expectations based on 1980 projections. CDCs receiving CEED grants leveraged \$5.7 million in project investment -- an increase of 54% from 1980. Even more impressive, job creation/retention more than doubled -- 385 employment opportunities could be attributed directly to CDC activities. In all, CDCs across the state leveraged \$30.7 million in investment, and created or retained 860 jobs in more than ten different industries. CDC housing efforts were particularly fruitful in 1981. Approximately 760 housing units were either created or substantially upgraded. At a time of heightened anxiety over the repercussions at the local level of sharp reduction in the level of Federal funding for community housing and economic development, it was becoming apparent by 1981 that the CDC network would become increasingly vital to the continued revitalization of economically distressed neighborhoods.

#### 1982

The most dramatic development in CEED grantee performance to date occurred in 1982. The organizational infrastructure that the previous year's funding had built had begun to deliver. Material outputs -- especially investment leveraged and jobs created or retained -- were escalating rapidly. In FY 1982, CEED awarded \$340,000 in grants to twenty-two CDCs. The project activities of CEED-funded CDCs leveraged investments of \$27.3 million -- up five-fold from 1981. Equally impressive was job creation/retention -- 1008 jobs were created or retained, an increase of 160% over 1981. In housing, CEED-funded CDCs rehabilitated or created over 350 units of housing. In all, Massachusetts CDCs were responsible for \$33.5 million in investments leveraged, 1148 jobs created or retained, and 511 units of housing constructed or rehabilitated. By 1982, CDCs were proving themselves to be extremely effective in marshalling the resources of state and private-sector institutions. With the help of a comprehensive development assistance system, including the Community Economic Development Assistance Corporation (CEDAC) and the Community Development Finance Corporation (CDFC) which provided, respectively, technical assistance and project equity/debt financing, CDCs were demonstrating the material results of previous organizational development activity.

#### 1983

CEED appropriations increased to \$485,000 in 1983, as confidence in CDCs increased statewide. Twenty-two (22) CDCs received staffing grants that year. Once again, CDC performance exceeded projections. CEED-funded CDCs leveraged investments totalling \$45.2 million. Consequently, 1471 jobs were either created or retained. CEED-funded CDCs were especially effective in housing development. Over 530 units were either created or upgraded. All CDCs in the Commonwealth leveraged \$55.8 million in investments, created or retained 1621 jobs, and created or upgraded 718 units of housing during 1983.

#### V. CEED: (A RETROSPECTIVE)

Looking back over the first four full years of the CEED Program, the cumulative results are undeniably impressive, both in organizational growth and project related output. In the earliest years of CEED, (1979 - 1980), much of the legwork for subsequent projects was being done -- community needs assessment, planning, and feasibility studies. In addition, CEED staff assisted numerous other groups complete the initial organizing - incorporation process, formulate overall community development goals, and conduct CDC board training programs. As a result, the state-wide network of CDCs was strengthened and expanded from a total of eight CDCs in



1976 to close to 60 by 1984. The results of this activity in terms of community economic development are clearly evident. The local capacity to initiate and carry out housing and economic development projects were making qualitative leaps in these embryonic states of the CEED Program. The latter half of this period of the CEED Program (1982 - 1983) saw these organizational efforts bear fruit, as the material outputs of CDCs began to blossom. For many community groups, the numerous meetings and the tedious paperwork had paid off. Investments for housing, commercial, and industrial development were leveraged, jobs were created and retained, and housing units were constructed and rehabilitated.

From 1979 through 1983, 95 grants were awarded to 39 different organizations totalling \$1,537,882. The results:

- 1) CEED grantees engaged in industrial, commercial, and housing development activities that leveraged \$81.9 million in public and private investment.
- 2) Total Massachusetts CDC investment leveraged for industrial, commercial and housing development activities was \$127.9 million.
- 3) As a result of CEED grantee projects, 3,047 jobs were either created or retained.
- 4) As a result of total Massachusetts CDC projects, just over 4,000 jobs were created or retained.
- 5) For every CEED dollar used to hire CDC staff, roughly \$53 was leveraged from private and public sources for project investment.

In FY 1984, CEED provided \$552,500 to 29 CDCs across the state. While the results of CEED-funded CDC activity will not be available until early in 1985, both initial projections and early quarterly reports suggest that FY 1984 will be another excellent year for CEED grantees.

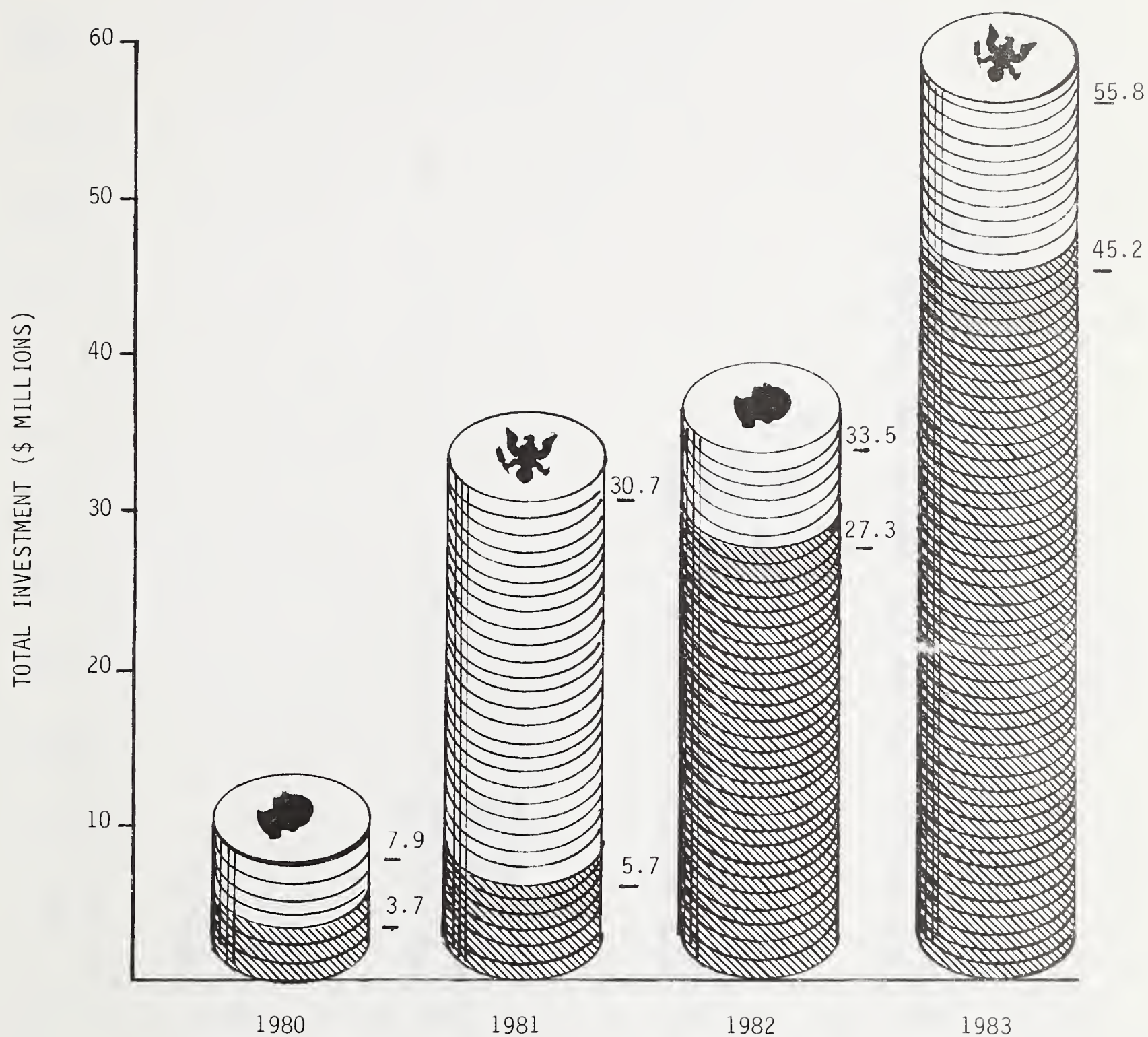
Despite sharp reductions during the past three years in Federal funding for community housing and economic development ventures, increased CDC sophistication and aggressive state activity in supporting community based development has led to significant success in developing local-state-private sector financing partnerships. CDCs have creatively combined private development financing with lending and equity capital resources provided by the Community Development Finance Corporation, Massachusetts Housing Finance Agency, the Massachusetts Land Bank, the Massachusetts Industrial Finance Agency, and EOCD to carry out commercial and residential development.

Private sector financing for CDC projects in 1983, for example, was approximately \$20 million, while state funding totalled just over \$21 million. During this same period, Federal financing for CDC projects was only \$10 million. These changes signal a significant shift by CDCs toward state as well as private-sector financing institutions. And we can anticipate that this trend will continue during the years ahead without a major policy shift at the Federal level, thereby underscoring the importance of a continued State commitment to support community based development.





CHART A



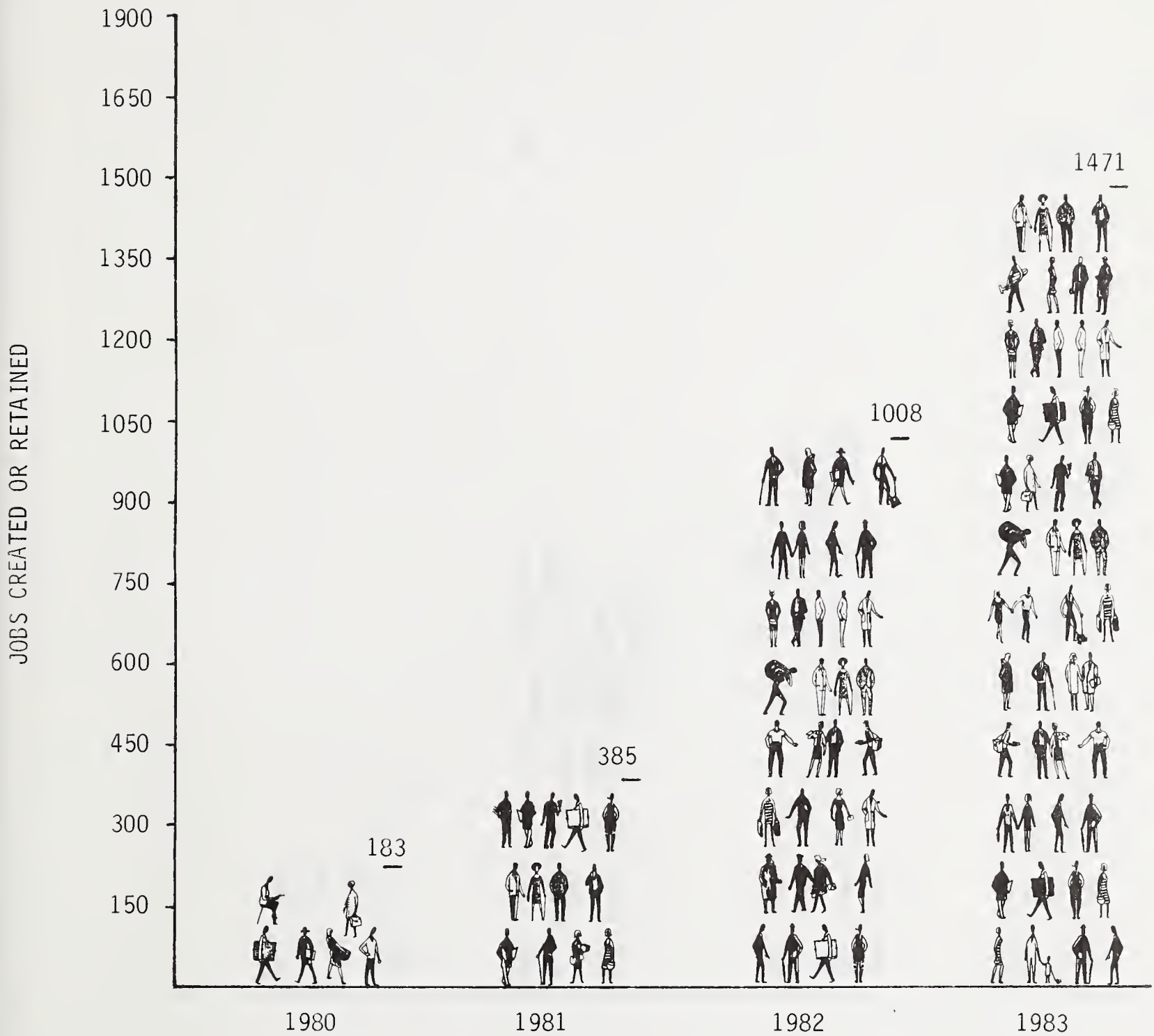
TOTAL INVESTMENT LEVERAGED BY CDC'S  
SHOWING PROPORTION LEVERAGED BY CEED  
FUNDED CDC'S (SHADED PORTION) 1980 - 1983



CHART B

EMPLOYMENT ACTIVITY BY CEED

FUNDED CDC's 1980 - 1983



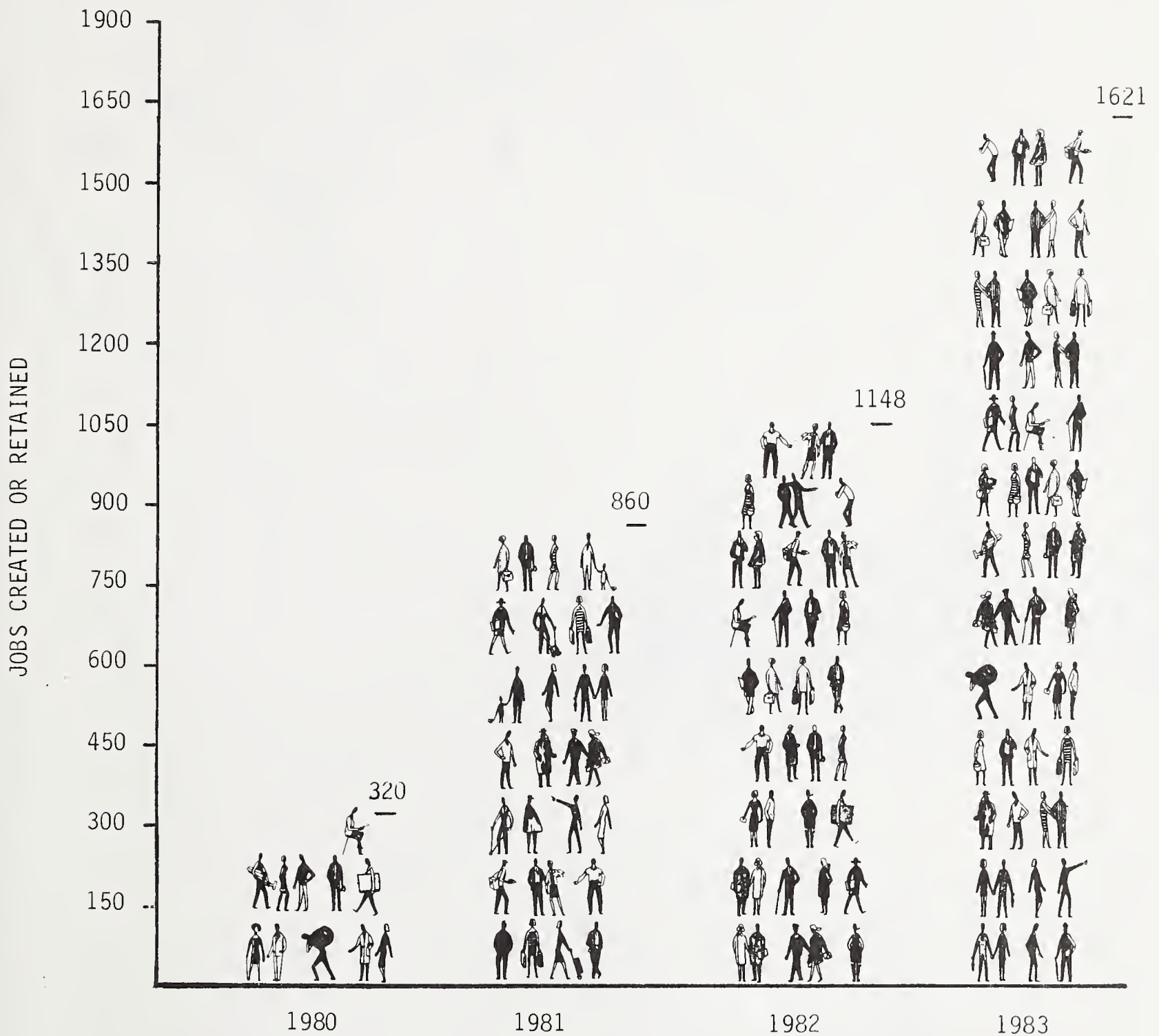
(EACH FIGURE EQUALS APPROXIMATELY 30 PEOPLE EMPLOYED)





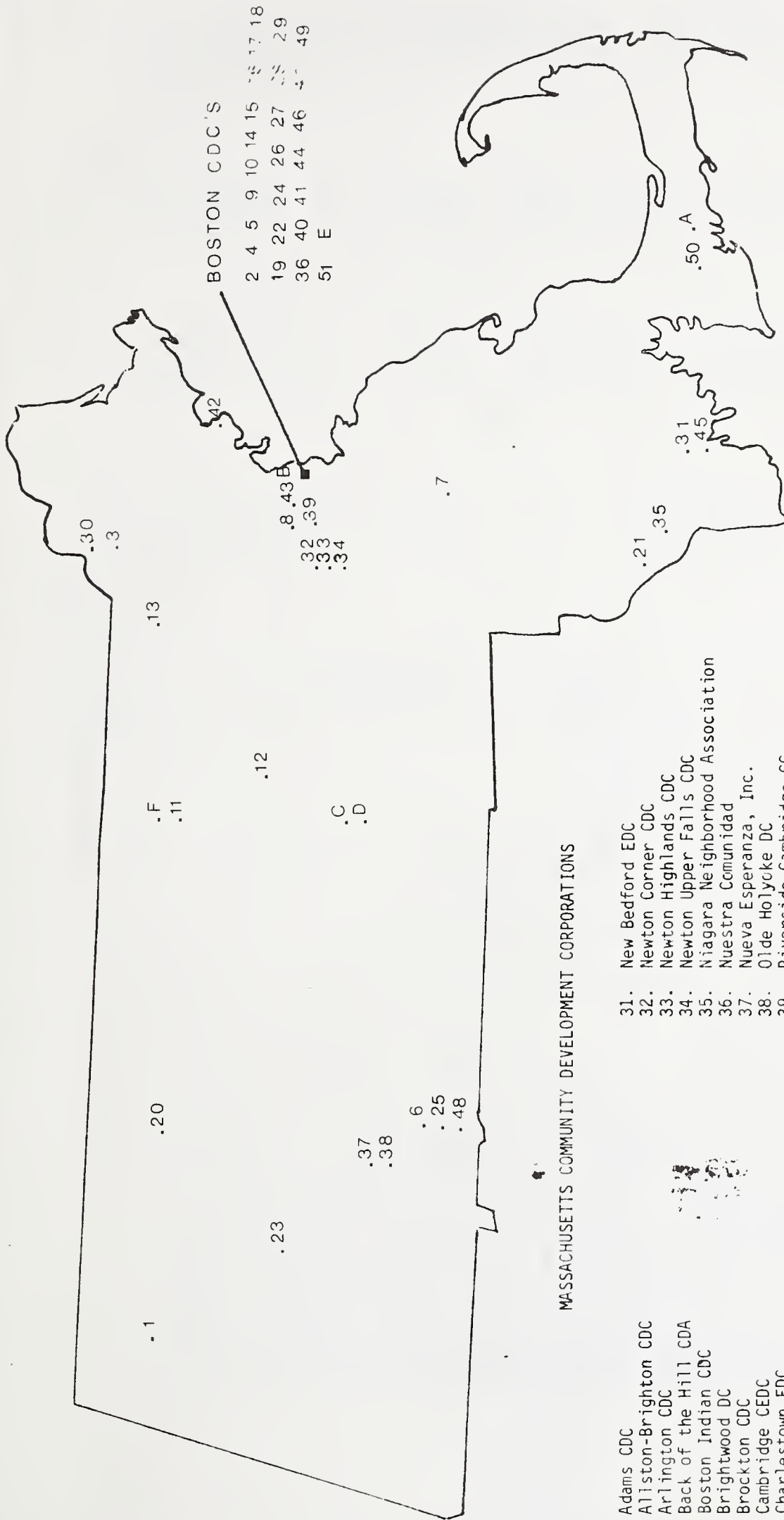
CHART C

TOTAL CDC EMPLOYMENT ACTIVITY 1980 - 1983



(EACH FIGURE EQUALS APPROXIMATELY 30 PEOPLE EMPLOYED)





# MASSACHUSETTS COMMUNITY DEVELOPMENT CORPORATIONS

1. Adams CDC
2. Alliston-Brighton CDC
3. Arlington CDC
4. Back of the Hill CDA
5. Boston Indian CDC
6. Brightwood DC
7. Brockton CDC
8. Cambridge CEDC
9. Charlestown EDC
10. Chinese EDC
11. Cleghorn NDC
12. Clinton CDC
13. Coalition for a Better Acre, Inc.
14. Codman Square CDC
15. Community Development Corp. of Boston
16. Dorchester Bay EDC
17. East Boston CDC
18. Fenway CDC
19. Fields Corner CDC
20. Franklin County CDC
21. Friends of the Bluffs, Inc.
22. Greater Roxbury DC
23. Hilltown CDC
24. Hyde Park DC
25. Inner City Rehab., Inc.
26. Inquilinos Boricuas en Accion
27. Jamaica Plain NDC
28. Lena Park CDC
29. Lower Roxbury DC
30. Methuen Arlington NDC

31. New Bedford EDC
32. Newton Corner CDC
33. Newton Highlands CDC
34. Newton Upper Falls CDC
35. Niagara Neighborhood Association
36. Nuestra Comunidad
37. Nueva Esperanza, Inc.
38. Olde Holyoke DC
39. Riverside-Cambridge CC
40. Roxbury Action Program
41. Roxbury-North Dorchester NRC
42. Salem Harbor CDC
43. Somerville Corporation
44. South Boston CDC
45. South Central CDC
46. Tent City Corporation
47. United South End/Lower Roxbury DC
48. Upper State Street CDC
49. Urban Edge
50. Wampanoag CDC
51. Washington Hill Community Association

## INFORMATION

- A. Barnstable CDC
- B. Chelsea Corp. for Economic Progress
- C. Oak Hill Housing Council, Inc.
- D. Prospect House, Inc.
- E. Southwest Triangle Neighborhood Develop.
- F. Tri-Ward CDC



**HISTORY OF GRANT AWARDS**  
**OFFICE OF COMMUNITY ECONOMIC DEVELOPMENT**  
**1979 - 1984**

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
Adams CDC, Adams			\$ 15,000	\$ 16,500	\$ 20,000	\$ 20,000
Allston-Brighton CDC, Brighton			15,000	20,000	20,000	20,000
Arlington CDC, Lawrence		\$ 15,500	13,000	7,500	20,000	20,000 -2
Back of the Hill CDA, Mission Hill			11,722		20,000	10,000
Brightwood DC, Springfield	\$ 19,830		15,000	9,000	25,000	20,000
Brockton CDC, Brockton		15,000	19,000	20,000		10,000
Cambridge CEDC, Cambridge			7,000			10,000
Cleghorn NDC, Fitchburg		15,000	19,000	20,000	20,000	10,000
Clinton CDC, Clinton	30,100	7,500				22,500
Coalition for a Better Acre, Lowell					20,000	22,500
Codman Square CDC, Dorchester		15,000	19,000			
Dorchester Bay EDC, Dorchester		15,000	15,000	7,500	20,000	20,000
Fenway CDC, Boston					20,000	20,000
Fields Corner CDC, Dorchester			19,000	20,000	20,000	22,500
Franklin County CDC, Franklin County	15,957	15,310	19,000	20,000	20,000	15,000
Friends of the Bluffs, Inc., Swansea						20,000
Greater Roxbury DC, Boston						20,000
Hilltown CDC, Hilltowns of Hampshire			19,000	20,000	15,000	20,000
Hyde Park DC, Hyde Park				16,500		20,000
Inner City Rehab., Springfield		10,000		9,000	20,000	20,000
Inquilinos Boricuas en Accion, Boston		20,000		7,500	20,000	20,000
Jamaica Plain NDC, Jamaica Plain	15,000	15,000	10,000	14,400 -1	20,000	
Niagara Neighborhood Association, Fall River						
North Adams CDC, North Adams		13,307	15,000	20,000	20,000	22,500
Nuestra Comunidad DC, Boston					15,000	22,500
Nueva Esperanza, Inc., Holyoke						
Pittsfield NDC, Pittsfield			DEFUNDED			
Riverside-Cambridgeport CC, Cambridge	24,000	15,000	9,334	14,380	10,000	20,000-3
Roxbury/North Dorchester APAC/UEM, Boston		20,000				
Roxbury-North Dorchester NRC, Boston		15,500	19,000	20,000	10,000	20,000
Salem Harbor CDC, Salem			19,000	20,000	15,000	20,000
Somerville Corporation, Somerville				10,000	10,000	
South Boston CDC, South Boston		15,500	15,000	20,000	20,000	10,000
South Central CDC, New Bedford		15,000	15,000	7,500		
SUN-CDC, Somerville						
Tent City, Boston			9,334	20,000	15,000	20,000
United South End/LRDC, Boston						
Upper State Street CDC, Springfield	20,098					
Urban Edge, Boston					20,000	
Wampanoag CDC, Mashpee			19,000			
We-Can/Building Materials Cooperative, Boston		11,500	12,610			
Worcester Labor Coop, Worcester						

YEARLY TOTALS

\$124,985	\$249,117	\$349,000	\$339,780	\$475,000	\$552,500
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- 1 \$14,400 was recycled from 1981 Grantee which was defunded
- 2 Includes rollover of \$6,000 from FY'83
- 3 Includes rollover of \$5,000 from FY'83



